

## **Certified Capital Company Program**

### **Application for Certification as a CAPCO (Program II)**

If you are interested in submitting an application to become a certified capital company, please review Act No. 2002-429 of the State of Alabama, as amended by Act No. 2007-472 (collectively, the "Act"), and the regulations promulgated by the Alabama Development Office in connection therewith (the "Regulations"). The Act is available from the Legislature of the State of Alabama, and the Regulations may be found on the website maintained by the Alabama Development Office located at [www.ado.state.al.us](http://www.ado.state.al.us).

#### **For further information, please contact:**

Alabama Development Office  
Alabama Center for Commerce  
401 Adams Avenue  
Suite 670  
Montgomery, Alabama 36130-4106  
(334) 242-0400

## APPLICATION INSTRUCTIONS

1. Refer to Act No. 2002-429 of the State of Alabama, as amended by Act No. 2007-472 (collectively, the "Act"), and the regulations promulgated in connection therewith by the Alabama Development Office (the "Regulations") and the definitions contained in the Act and the Regulations for additional details pertaining to the application process and requirements. Requests for clarification should be directed to the Alabama Development Office (the "ADO"). All submittals should be responsive to the requirements of the Act and the Regulations as well as this application. All applications must be submitted to the ADO at the address listed above by hand or by certified mail.
2. Attach any schedules, inserts, or supporting documentation as described in the application. Such attachments are part of the application.
3. Completely answer all questions and provide all supporting documentation as required. If a particular area is not applicable, please so indicate and provide a full explanation.
4. Additional information may be provided beyond that requested in this application that, in the applicant's opinion, may assist the ADO in the review of the application.
5. The ADO may require that additional information be submitted to complete the application process.
6. Statements may be combined into one (1) statement when several certifications are required by the same person or legal entity.
7. Three (3) original applications along with all supporting documentation must be submitted to the ADO (401 Adams Avenue, Suite 670, Montgomery, Alabama 36104) no earlier than 9:00am (Montgomery, Alabama Time) on December 10, 2007.
8. The application must be accompanied by (i) a nonrefundable application fee in the amount of \$7,500 and (ii) a nonrefundable program administration fee in the amount of \$17,500. These fees may be paid in the form of a cashier's check, certified check or company check made payable to "Alabama Development Office."

**Date and Time Application**

\_\_\_\_\_  
**Signature of Office Representative**

**APPLICATION FOR CERTIFICATION AS A CAPCO (PROGRAM II)**

1. Date of application \_\_\_\_\_
2. This application is an \_\_\_Original \_\_\_Amended Application.
3. Legal name of Applicant  
\_\_\_\_\_
4. List any "assumed" or "doing business as" names which are applicable to the Applicant.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

***Supporting Documentation to be Labeled Exhibit A***

- a. Submit any applicable filings with any agency of the State of Alabama.
5. Description of Applicant's legal entity structure.  
\_\_\_\_\_  
\_\_\_\_\_

***Supporting Documentation to be Labeled Exhibit B***

- a. Complete organization documents of the Applicant that reflect evidence of appropriate filing with appropriate state agencies, if filing is required.
- b. Documentation regarding the due authorization of the application by the Applicant.
- c. A list of the names and Full Contact Information of all members of the Applicant's governing body, including a description of the level of control over the Applicant.

- d. A listing of all Persons that have an ownership interest in the Applicant, including voting and non-voting ownership interests. This listing must including the percentage ownership interest of each and a description of the ownership interest.
  - e. A sample of offering materials used or to be used in investor solicitations.
6. Name and title of legally authorized representative. Such representative is the person who is authorized to sign and file the Application on behalf of the Applicant.

***Supporting Documentation to be Labeled Exhibit C***

- a. Signature authorization appropriate to Applicant's legal structure.
7. Street Address of Applicant

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***Supporting Documentation to be Labeled Exhibit D***

- a. A list, including the name and address, of any additional existing office locations.
8. Management/Operating Company Information
- The Applicant \_\_\_\_ will \_\_\_\_ will not contract with a management/operating company.

***Supporting Documentation to be Labeled Exhibit E***

- a. Answer questions 3, 4, 5, 6 and 7 for the management company.
  - b. A copy of the fully-executed contract pursuant to which the management company will manage the Applicant and a copy of any other agreements between the management company and the Applicant.
  - c. A list of management company contacts including phone numbers and street addresses.
9. State the primary business activity of the Applicant.

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***Supporting Documentation to be Labeled Exhibit F***

- a. The Applicant's overall investment strategy and the Applicant's three (3) year business plan, including an organization chart, that has been prepared by the Key

Employees, as applicable, and which demonstrates the Key Employees ability to make Investments of Cash in Qualified Technology Businesses.

10. Applicant's Equity Capitalization of non-certified capital as of the date of this application equals \$ \_\_\_\_\_. Applicant agrees to maintain an Equity Capitalization of at least \$500,000 until such time as it has made qualified investments in an amount cumulatively equal to at least one hundred percent (100%) of its certified capital.

***Supporting Documentation to be Labeled Exhibit G***

- a. Financial statements audited in accordance with generally accepted auditing standards, including an income statement, balance sheet and statement of cash flows. The financial statements must be accompanied by an unqualified opinion of an Independent Certified Public Accountant stating that the Applicant has an Equity Capitalization of at least \$500,000 and meeting the requirements set forth in the Act and the Regulations.

11. Applicant's Office Within the State of Alabama

Street Address: \_\_\_\_\_

\_\_\_\_\_  
City

\_\_\_\_\_  
County

***Supporting Documentation to be Labeled Exhibit H***

- a. The document most recently delivered to the Secretary of State for filing and filed by the Secretary of State providing such information, including any amendments. If the Secretary of State does not maintain such information for the Applicant's type of legal structure, then the Applicant shall provide such designating information in a format required by the Alabama Development Office.
- b. A listing of the names and Full Contact Information of contacts at the Applicant's existing office locations.

12. List Applicant's contacts at its Office Within the State of Alabama

Name \_\_\_\_\_ Phone \_\_\_\_\_

Address \_\_\_\_\_

Title \_\_\_\_\_

Name \_\_\_\_\_ Phone \_\_\_\_\_

Address \_\_\_\_\_

Title \_\_\_\_\_

Name \_\_\_\_\_ Phone \_\_\_\_\_

Address \_\_\_\_\_

Title \_\_\_\_\_

*All capitalized terms used in this application have the meanings given them in Act No. 2002-429 of the State of Alabama, as amended by Act No. 2007-472 (collectively, the "Act"), and the regulations promulgated by the Alabama Development Office in connection therewith (the "Regulations")*

13. Provide the following:
- a. One (1) Affidavit of Manager of Applicant executed by each of the managers of the Applicant in the form provided as **Exhibit I**.
  - b. One (1) Key Employee Verification executed by all of the Key Employees and all of the managers of Applicant in the form provided as **Exhibit J**.
  - c. One (1) Certification of Principal Executive Officer executed by chief executive officer of the Applicant or its equivalent in the form provided as **Exhibit K**.
  - d. One (1) License Disclosure executed by each of the Key Employees in the form provided as **Exhibit L**.
  - e. One (1) Authorization to Investigate executed by each of the Key Employees and the Applicant in the form provided as **Exhibit M**.
14. [Name of Applicant] hereby covenants, acknowledges and agrees as follows:
- a. All information submitted as part of, or related to, this application is complete, accurate and true in all material respects and is legal valid and binding if [Name of Applicant] is certified as a certified capital company by the Alabama Development Office.
  - b. The Alabama Development Office may continue to rely on the original application.
  - c. [Name of Applicant] is responsible for filing an amended application with the Alabama Development Office whenever any material information supplied in this application has become inaccurate or obsolete. Any amended application is due within five (5) business days of the information becoming inaccurate or obsolete.
  - d. As soon as possible, but not later than five (5) business days, [Name of Applicant] will notify the Alabama Development Office in writing:
    - i. When [Name of Applicant] is unable to continue as a viable going concern; and/or
    - ii. When [Name of Applicant] is subject to litigation which may affect its viability as a going concern; and/or
    - iii. If a merger or acquisition of the Applicant or by the Applicant has occurred.

*All capitalized terms used in this application have the meanings given them in Act No. 2002-429 of the State of Alabama, as amended by Act No. 2007-472 (collectively, the "Act"), and the regulations promulgated by the Alabama Development Office in connection therewith (the "Regulations")*

- e. Neither [Name of Applicant] nor any of its investors have violated or will violate the provisions of the Act or the Regulations.
- f. [Name of Applicant] will not use the CAPCO program as a pretext for any transaction that will subvert the purpose of the Act.
- g. [Name of Applicant] will act in the best interests of the State of Alabama and its people, recognizing that the reason for the Act is the welfare and prosperity of the State of Alabama and its people.
- h. [Name of Applicant] will submit to the State of Alabama a ten percent (10%) share of any distributions other than qualified distributions, payments with respect to indebtedness, and the return of the initial \$500,000 equity contribution, from the CAPCO to its equity holders.
- i. [Name of Applicant] and its managers will comply with any and all requirements of the Act and the Regulations.

**[NAME OF APPLICANT]**

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By [Name of Principal Executive Officer]  
Its [Title of Principal Executive Officer]

**EXHIBIT A**

**Supporting Documentation Regarding "Assumed" or "Doing Business As" Names**

*(to be attached)*

**EXHIBIT B**

**Supporting Documentation Regarding Legal Entity Structure**

*(to be attached)*

**EXHIBIT C**

**Supporting Documentation Regarding Signature Authorization**

*(to be attached)*

**EXHIBIT D**

**Supporting Documentation Regarding Address**

*(to be attached)*

**EXHIBIT E**

**Supporting Documentation Regarding Management Company**

*(to be attached)*

**EXHIBIT F**

**Supporting Documentation Regarding Primary Business Activity**

*(to be attached)*

**EXHIBIT G**

**Supporting Documentation Regarding Equity Capitalization**

*(to be attached)*

**EXHIBIT H**

**Supporting Documentation Regarding Office Within the State of Alabama**

*(to be attached)*

**EXHIBIT I**

**Affidavit of Manager of Applicant**

Before me, the undersigned notary public in and for said county and state, personally appeared **[NAME OF AFFIANT]**, who being know to me and being duly sworn, deposes an oath and states as follows. All capitalized terms not otherwise herein defined shall have the meanings set forth in the Act and the Regulations (as hereinafter defined):

- (1) My name is **[NAME OF AFFIANT]**. I am over the age of nineteen (19) years and am a legal resident of **[State of Residency of Affiant]**. I do not suffer from any legal disability. This Affidavit is based upon my personal knowledge.
- (2) I am, or intend to become, a manager of **[Name of Applicant]**.
- (3) I have read Act No. 2002-429 of the State of Alabama, as amended by Act No. 2007-472, relating to the certified capital company program (collectively, the "Act").
- (4) I fully understand the requirements of the Act and the regulations promulgated in connection therewith (the "Regulations") by the Alabama Development Office (the "ADO").
- (5) I am not, and will not become during my tenure as a manager of **[Name of Applicant]**, affiliated with an employee of the ADO.
- (6) I am not, and will not become during my tenure as a manager of **[Name of Applicant]**, affiliated with a certified investor of **[Name of Applicant]**.
- (7) I have not been convicted of and am not currently indictment or prosecution for securities fraud or other criminal acts, other than Minor Traffic Offenses. As used herein, the term "Minor Traffic Offenses" means all traffic offenses other than serious traffic offenses as set forth in Chapter 5A of Title 32 of the Code of Alabama 1975, as amended.
- (8) I have not filed for bankruptcy within the past seven (7) years.
- (9) I have not been ordered to pay and am not currently involved in legal action with the State of Alabama or any agency or department thereof for the payment of funds owed to the State of Alabama or other parties that the State of Alabama represents.
- (10) The primary business activity of **[Name of Applicant]** is, and will remain, the Investment of Cash in Qualified Technology Businesses.

- (11) The Key Employees of [Name of Applicant] have at least four (4) years of experience making Venture Capital Investments in small businesses on behalf of or as an institutional or accredited investor.
- (12) The Key Employees of [Name of Applicant] will work in the office established by [Name of Applicant] as its headquarters for at least 1,400 hours per year and will reside in the State of Alabama, as determined for purposes of Alabama income taxation.

FURTHER, Affiant saith nothing.

Executed this \_\_\_ day of \_\_\_\_\_, 200\_\_.

\_\_\_\_\_  
**[NAME OF AFFIANT]**

STATE OF \_\_\_\_\_ )  
 )  
 COUNTY OF \_\_\_\_\_ )

I, the undersigned notary public, hereby certify that **[NAME OF AFFIANT]**, whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of such instrument, (s)he executed the same voluntarily on the day the same bears date.

GIVEN under my hand this \_\_\_ day of \_\_\_\_\_, 200\_\_.

\_\_\_\_\_  
 Notary Public

My commission expires: \_\_\_\_\_

[SEAL]

## **EXHIBIT J**

### **Key Employee Verification**

Each of the undersigned certify that:

- (1) We have read Act No. 2002-429 of the State of Alabama, as amended by Act No. 2007-472, relating to the certified capital company program (collectively, the "Act").
- (2) We fully understand the requirements of the Act and the regulations promulgated in connection therewith (the "Regulations") by the Alabama Development Office.
- (3) Attached hereto are the names and Complete Contact Information for each of the Key Employees of [Name of Applicant].
- (4) Each of the Key Employees listed above have at least four (4) years of experience making Venture Capital Investments in small businesses on behalf of or as an institutional or accredited investor. Attached hereto is a detailed description and supporting documentation of how each of the Key Employees qualifies as having such experience. Such description must satisfy the requirements of the Act and the Regulations.
- (5) To the best of our knowledge, the description attached hereto is a full description of the Key Employees' connection and commitment to the State of Alabama.
- (6) To the best of their knowledge, the description attached hereto is a full description of the Key Employees' experience with the Alabama economic landscape, especially with regard to the particular Venture Capital Investment and Qualified Technology Businesses.
- (7) This Key Employee Verification and all attachments hereto is complete, accurate and true in all materials respects.

All capitalized terms not otherwise herein defined shall have the meanings set forth in the Act and the Regulations.

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Key Employee

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Key Employee

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Manager

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Manager

**EXHIBIT K**

**Certification of Principal Executive Officer**

I, [Name of Principal Executive Officer], [Title of Principal Executive Officer] of [Name of Applicant], do hereby certify that:

- (1) I have read Act No. 2002-429 of the State of Alabama, as amended by Act No. 2007-472, relating to the certified capital company program (collectively, the "Act").
- (2) I fully understand the requirements of the Act and the regulations promulgated in connection therewith (the "Regulations") by the Alabama Development Office.
- (3) Attached hereto is a complete list of all of the managers of [Name of Applicant] and any affiliates thereof involved in the management of [Name of Applicant].
- (4) No Persons affiliated with a Certified Investor of [Name of Applicant] will control the direction the direction of investments of [Name of Applicant].
- (5) [Name of Applicant] is a [type of entity] formed under the laws of the State of Alabama and is in good standing in the State of Alabama and in each state in which [Name of Applicant] does business.
- (6) The information provided in this application is complete and accurate in all material respects.

All capitalized terms not otherwise herein defined shall have the meanings set forth in the Act and the Regulations.

\_\_\_\_\_  
[Name of Principal Executive Officer]  
[Title of Principal Executive Officer]



**EXHIBIT M**

**Authorization to Investigate**

I understand that the Alabama Development Office may conduct checks into my background, credit, experience, and related matters in conjunction with an application for certified capital company status to be issued to:

\_\_\_\_\_  
Name of Applicant

In order to conduct such investigations I understand that the Alabama Development Office may need to obtain my social security number. I voluntarily give the Alabama Development Office access to my social security number for such purpose. I understand that the disclosure of my social security number is voluntary and that it will be held confidential.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Social Security No.

\_\_\_\_\_  
Date